

CENTRAL INTELLIGENCE AGENCY
INFORMATION REPORT

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(FOR KEY SEE REVERSE)

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1. Location

VEB Dieselmotorenwerk, Rostock (DMR) is located in Rostock, Schwaaner Landstrasse 200.

2. Higher Authority

(a) The factory is subordinate to the Main Administration for Power Generating and Production Machinery (HV Krafta und Arbeitsmaschinen) in the Ministry of Machine Construction.

(b) In 1952, the design office then carrying out research and development projects was removed from the control of the DMR and amalgamated with the Zentrale Konstruktions - und Entwicklungsbüro in Halle. Subsequent efforts have been made to decentralize the central offices.

3. History of the Plant

(a) The plant developed from a Soviet Designing Office and in 1947-48 started to produce wind driven plants for power stations for agricultural concerns (Windkraftwerke Landeseigene Betriebe Land Mecklenburg). Later the factory began to produce winches for trawlers and luggers.

(b) Through the initiative of the Russian Colonel Michailovitsch, a Diesel engine factory was designed and the former Heinkel site in Luebckerstrasse was made available for it. Machinery was procured from private enterprises. No proof of ownership could be produced for this machinery, as it came from Heinkel, Bachmann or the Wehrmacht.

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(c) In 1952, a small number of 100 hp. engines were produced and the government decided that the DMR should build large engines. By Cabinet decree the premises of the Reichsbahnbesserungswerk, Rostock, and its force were taken over by the DMR. This transaction increased the number of employees by approximately 1,400.

(d) In 1952, the DMR took over the Rostocker Industriewerke VEB, with its entire staff numbering approximately 1500 and its varied production of winches, agricultural machinery, medical equipment, etc. In the course of 1952, production was simplified and the number of employees reduced. The present number, including apprentices, is around 2000.

(e) Extensive alterations were made to the RAW, Rostock, premises. The shed, which had been dismantled by the Russians, except for one wall, required reconstruction, a testing bed had to be built, the locomotive shed had to be completely altered to make it suitable as a diesel engine factory, and the roads in the works put into order. In addition, the machinery park had to be repaired and enlarged.

4. Organization of the Plant

(a) Management

Planning Section
Security Inspectorate
Cadre Section
Main dispatcher
Goods control
Accounting Section
Legal Section

(b) Technical Department

Technology
Design Office
Office for research and proposals
Production Manager
Mechanical Section
Assembly Section
Repair Section
Building of equipment
Other mechanic (Maintenance of works and repair of machinery)

(c) Labor Department

Work and wages
Social matters
Technical working norms
Advance administrative planning

(d) Commercial Department

Supply procurement
Turnover
Finance
General Administration (including M)

5. Motor trucks

The factory has only one 3-ton truck because all other heavy trucks were handed over to the VEB Kraftverkehr (sic). There are 2 one and a half ton vehicles for town use.

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2 BMW cars, 2 IFA F9s and 1 IFA F8.

6. WEB Plan for the Factory

- (a) The plan anticipates a turnover of 29,000,000 DME for 1954.
- (b) The DMR's main production for 1954 is scheduled as follows:
 - (1) 100 hp. engines 4 DV 224 (in 3 types: "Bordmotor", "Hauptmotor" and "stationaerer Motor"); a total of 750 at about DME 21,000 each, under subcontract to the Karl-Liebknecht-Werk Magdeburg (formerly Buckau-Wolf), for export to the USSR.
 - (2) 1400 hp engines: 20-23 in all, of which 4-5 are for coastal patrol boats for the Seepo. The remainder are relegated for an export contract with Bulgaria for driving electric generators. 14 engines are to be delivered this year and the remainder in 1955. Price DME 280,000 each, with a coat price of approximately DME 190,000.
 - (3) Spare parts for the fishing industry and the Seepo, in particular, spare parts for the 100 hp. engines. This is to amount to DME 300,000 for 1954.
 - (4) Engine repairs for the fishing industry and Seepo. The DMR is responsible for all repairs for the fishing industry, irrespective of type. This is extremely difficult because of the spare part shortage, since a number of Western engines are involved and the spare parts for these can only be obtained in an expensive and slow way. JU engines must be repaired for the Seepo. Again the provision of spare parts is difficult, as the plant is not sufficiently experienced to make them. The total target for engine repairs for 1954 is DME 3,000,000.
 - (5) Mechanical parts for the steam locomotive T.32, 18 sets at about 30,000 DME under contract to the Karl-Liebknecht-Werk, Magdeburg, where they are assembled and sent to the USSR.
- (c) The above production is insufficient for the factory to meet its targets and two 100 hp. Diesel engines for private fishing boats have been included in the plan, amounting to nearly DME 100,000. It would be possible to increase production of 100 hp. engines to at least 1,000 in a year, but as the raw material situation does not show any signs of improving, production plans for 1955 include only 850 engines.

7. Investments

Only a small investment is planned this year (approximately DME 200,000) which is intended for completing the boiler house, an oil-cutter and various protective installations in the works. Hall 1 has only been completed on the outside. No funds are available for the interior work, so it cannot be used in 1954 and 1955.

8. General Repairs

No details of this budget are available. Demands for general repairs are usually treated favorably by the higher authorities and this factory is the last that would be cut down in this matter. Funds for general repairs are intended exclusively for machinery.

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9. Research and Development

The DMR has no research and development institute of its own.

10. Production Difficulties

(a) Machinery, tools etc.

Because of new machinery bought and the expansions completed in 1952 and 1953, the machinery is adequate. There were no shortages in power supply in 1954.

(b) Material Supplies

Supplies are the basic problem in the plant's not being able to work to capacity. The quality of the castings when they arrive varies considerably which hampers smooth production. Bottlenecks exist as follows:

Crankshaft blanks for 100 hp. engines, which are from the Karl-Liebnecht-Werk, to be finished by the DMR.

Crankshafts for 1400 hp. engines and bearing bushes for 1400 hp. motors.

Sheet metal for air flasks (100 and 30 liter) for 100 hp. engine.

One problem in the East German scale is standard models for parts, which has become worse since 1953. The DMR solves this problem in an expensive way by making its own standard models or issuing contracts to private firms. In the first half of the year, there was a loss of DME 227,000 as a result of making the models. This shortage particularly impedes production of 100 hp. engines.

11. Financial State of the Factory

The value of the plant is estimated to be DME 20,000,000. The financial state of the factory is satisfactory, but capital available for circulation is diminishing, and constant efforts are being made to reduce the scheduled plan, since the factory does not have the capital available.

Factory profits for the first half of 1954, were DME 1,084,000 as of 30 June 1954. However, since the prices of the products are abnormally high, no sale on the world market is likely. Credits are always available from the Deutsche Notenbank in the framework of the "RE-procedure" (Rechnungsverfahren). Clients do not always pay on time so that overdue credits pile up and the DMR must pay higher interest although it is not to blame.

12. Labor Situation

There are approximately 2000 employees, of whom 650 are basic production workers, 250 are production assistants, 150 are clerical workers in the commercial department, 100 are clerks in the accounting department.

The proportion of clerks (not including those looking after the social services and political organizations) to productive labor is 1: 2.4 and is to be changed to 1:3. On the whole, the proportion of skilled labor is good. The mechanical workshop works in 3 shifts; the remainder of the factory in one shift. There is a technical evening school which gives workers the opportunity for advanced study. Skilled labor is supposed to make use of this opportunity, since at the present time its rates of pay is higher than its qualifications warrant. But there is always a drop in attendance after the first evening. Employees are also constantly being sent to various technical schools. Wages in the factory compared with others in East Germany are high, with an average for the first half of 1954 of approximately DME 3,000.

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compared with 2,000-2,400 Dm in other factories; this is because of the high norm fulfillment. (Average for the plant is 150%). Either cutting wages or reducing the norms is forbidden during the current planning year.

14. Competitions

Competitions, particularly for reducing the quota of rejects, have been successful; about 0.3% of the work was rejected in the first half of this year as compared with approximately 7% for material rejects. There are other competitions for the title "Best section in the factory" and for reducing the amount of material used.

15. Brigades, Bonuses etc.

Of the wages from the directors funds, 3% is taken for social services and for improving the living conditions of the employees and 1% is taken for the improvement suggestions and rationalizing measures, making a total of approximately DM 400,000. This money is used for bonuses, extra leave pay (this year for the first time grants were made to employees who were not going away under FDGB plans), children's holiday camps (3 parties each of approximately 100 children), kindergarten, extras for the factory kitchens, etc.

16. Factory Newspaper

The factory newspaper "Der Motor" publishes 1,000 copies weekly costing 6 Pf. each. The editor is Werner Blomberg (SED) who is also responsible for the factory radio. He was formerly head of the Deutsche-Sowjetische Freundschaft in "Ostrock", was then sent to Aus for unknown reasons and has been working in the DMR since his return.

17. Political

SED Factory Cell:

1st Secretary- Werner Mauch, a member of the factory management.
2nd Secretary- Werner Garbers, - believes Mauch to have been in the factory too long.
Organization and Propaganda - Gustav Lamp.

The number of members is 400, they are all over age and are not very active.